

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
THURSDAY, JANUARY 28, 2010, 2:00 P.M.
Room W020, House Building, State Capitol Complex

Members Present: Sen. John Valentine, Co-Chair
Rep. Melvin R. Brown, Co-Chair
Sen. J. Stuart Adams
Sen. Ross I. Romero
Sen. Steven H. Urquhart
Rep. Johnny Anderson
Rep. Trisha S. Beck
Rep. Bradley M. Daw
Rep. Kay L. McIff
Rep. Carol Spackman Moss
Rep. Evan J. Vickers
Rep. C. Brent Wallis
Rep. R. Curt Webb
Rep. Mark A. Wheatley

Staff Present: Spencer Pratt, Fiscal Manager
Lorna Wells, Secretary

Public Speakers Present: Dr. Michael Petersen, Executive Director, UEN
Dr. David Squire, Executive Director, UMEC
Pres. Ann Millner, Weber State
President Michael King CEU
Jim Behunin, Legislative Auditor General's Office
Rick Coleman, Auditor
Pres. Robert Brems, UCAT
Brian Foisy, Executive Vice President UCAT
Mason Bishop, SLCC, Vice President Institutional Advancement
Commissioner William A. Sederburg
Pres. Scott Wyatt, Snow College
John M. Schaff, Auditor General

A list of visitors and a copy of handouts are filed with the committee minutes.

1. Call to order - Committee Co-Chair Brown called the meeting to order at 2:27 p.m.
2. Unfinished Business from 1/27/2010

Mike Petersen from UEN gave a summary handout regarding the impact of the current budget cuts on UEN. Dr. Petersen reminded the Committee of the inflexibility of the UEN budget because 58% of their budget is in long-term contracts. He also asked the Committee to examine the impact of both the FY 2010 and FY 2011 cuts on the UEN budget, and also reminded the committee of the current grant regarding network connections in elementary and charter schools.

Rep Webb asked several questions of Dr. Petersen. He asked what is the average length of the contracts? He asked if the charts on the handout depict the current contracts. Would additional contracts have to be made if the grant is received? He asked where the matching funds are coming from? Dr. Petersen answered that the contracts are for five years; the charts do represent current

contracts; if the grant is received, additional contracts would be required, UEN has adequate funding in the next three-years budgets if no additional cuts are made.

Rep. Wallis asked the dollar amount of the match. Dr. Petersen reported that the match is \$3.4 million; UEN will receive \$13 million from the Federal Government.

Mr. Squire from UMEC reported that at present they have sustained all of the cuts in the administration of UMEC. Additional cuts would force cuts to the rural education, which would mean four or five communities will be severely negatively impacted.

MOTION: Rep. Wallis made the following motion:

1. The Higher Education Appropriations Subcommittee requests that Higher Education not receive further budget cuts since:
 - Cuts to higher education thus far have been disproportionate to other areas of the state budget
 - Higher Education has absorbed 24,000 new students at a time budgets were being reduced, and institutions are having increasing difficulty providing educational opportunities for Utahns
 - Higher Education is crucial to the long-term economic success of Utahns and the state as a whole
 - Additional cuts would limit educational opportunities for thousands of Utahns.
2. **If** it is found that additional cuts are necessary, we request that cuts to higher education be minimized to the extent possible.
3. As directed by Executive Appropriations, the Higher Education Subcommittee recommends:
 - Any cuts up to 5% of the FY 2011 base budget should be allocated proportionately across all institutions.
 - Presidents should be given flexibility in making cuts in ways that preserve, to the extent possible, their institutional missions and quality.

Sen. Romero applauded the collaborative efforts of the Committee on this motion and spoke in favor of the motion. He also thanked all of the Universities and colleges in the state for their efforts.

The motion passed unanimously with Rep. McIff and Sen. Valentine absent for the vote.

Rep. Vickers distributed a memo regarding the value of a college degree. He gave statistics showing the increase of income and also income taxes paid by individuals with college degrees. He also reported on specific statistics regarding graduates from SUU that further show the positive investment of higher education.

Sen. Romero thanked Rep. Vickers for this information and said how valuable this is to the Committee as well as to students in K - 12. Rep. Daw also appreciated Rep. Vickers for his work and Sen. Romero for his comments. He asked Committee members to take this information back to their constituents and to stress this information to students in K-12. Rep. Moss thanked Rep. Vickers and spoke of the fact that other groups have identified how the cuts in higher education have economic impact for many years to come. Rep. Beck echoed comments of other committee members, and also referenced Pres. Millner's statement that making cuts in

higher education drives up costs. Rep. Brown asked Rep. Vickers to make copies of this for all Legislators. Rep. Vickers will make some corrections to the memo and then give copies to all Legislators.

3. Issue Briefs:

- a. USHE O & M. Mr. Pratt asked committee members to refer to the Issue Brief for New Facilities O & M. He gave some background information about the state policy regarding O & M money being allocated when a new building is approved in order to recognize the full cost of building a building. A nursing building was approved in FY 2007, but the O & M funding was not approved. The Analyst recommends funding \$138,700 in O & M for this building that is currently in use.

There are five USHE buildings that have been approved in previous sessions with an accompanying amount for O & M. Because these buildings are not yet operational, the Analyst's office recommends a one-time reduction in FY 2010 for the Snow College Library in the amount of \$113,000. The Analyst's office also recommends FY 2011 One-time Reductions of \$2,645,900 for these five buildings.

Sen. Valentine asked if this \$2.6 million is included in the current budget cuts, or if there could be a rearrangement of funds within the current budget year.

Mr. Pratt said that this one-time reduction is not included in the budget cuts.

Mr. Pratt also reported that currently there are several non-state-funded projects that would require \$1,460,000 in O & M for FY 2010.

Sen. Valentine asked how the O & M for these buildings is currently being paid. Mr. Pratt reported that they are somehow being absorbed by the rest of the institution's budget. In the Legislation that approves the buildings, O & M is not funded. O & M is usually requested from the Legislature once the building is completed.

Pres. Ann Millner reported that Weber State has paid the O & M and does request one time funding for the O & M.

- b. USHE Reallocations - S.B.1 establishes the base for FY 2011 based on the on-going FY 2010. S.B. 1 states that the base for FY 2011 be set at 98% of the FY 2010 on-going budget.

Rep. Beck asked if S.B.1 includes the 5% cut from the Executive Appropriations Committee (EAC). Mr. Pratt explained that the FY 2011 Budget it is at 98% of FY 2010.

Mr. Pratt explained an Issue Brief regarding some reallocations to be made to the Base Budget. There should be a FY 2011 transfer of \$498,000 from Snow College to Utah State University because of the partnership between the two institutions.

With the passage of H.B. 100, the Analyst recommends a FY 2011 transfer of \$423,700 from the State Board of Regents to the Department of Corrections.

Rep. Wheatley asked if some of the intent of having the money at the Board of Regents is to make sure the money is spent for educational purposes.

Sen. Valentine asked if the funds that were transferred could the Board of Corrections reallocate those funds to something other than educational purposes.

Rep. Brown asked a representative from the Department of Corrections could come to the next meeting to speak to this issue.

Mr. Pratt discussed CTE at Snow College, CEU, and SLCC. The funding for Snow College and SLCC as a separate line item is already in place. The Analyst recommends that \$1,303,300 in state tax funds and \$65,000 in dedicated credits be reduced from the Education and General line item and moved to a new CTE line item at CEU. Mr. King spoke in favor of this move. It might also be something to be discussed with Pres. Albrecht from USU.

Mr. Pratt said that USU has requested approval for transfer of state funding between some line items. These specific amounts are listed on Page 10 of the budget brief. USU has also requested approval of \$1.2 million in additional tuition collections.

SLCC has requested approval for the transfer of \$153,000 from the School of Applied Technology to the Education and General line item. This has been approved by SLCC Board of Trustees.

Rep. Brown relinquished the chair to Sen. Valentine.

MOTION: Sen. Adams made the motion to approve the reallocations as shown in the Issue Brief on Pages 9 and 10 with the exception of the prison reallocation funding.

The motion passed unanimously with Sen. Urquhart and Rep. Brown absent for the vote.

4. CTE Audit Report Mr. Behunin reported that his office was asked to do an audit of CTE programs. He distributed the audit report. He specifically directed the Committee to Page 6 of the report which shows a comparison of costs of CTE at the ATC's and three colleges. The cost of instruction is lower at the ATC's than at any of the colleges. The report suggests some possible reasons for the differences. Page 10 compares the lower cost of instructor compensation at the ATCs than at the colleges. Page 11 shows the number of instructor hours in the classroom. The report also looks at indirect costs such as overhead, larger libraries, and other types of expenses. Chapter 3 of the report also gives some of the concerns regarding this audit. There are some programs that are funded at the ATC's, but not taught at the ATC. This is often a cooperative agreement between a company and the ATC. This is more of a custom fit, and not something that the ATC should not be claiming membership hours. The report recommends that UCAT has more oversight of these programs, eliminate outsourcing, or better identify conditions of outsourcing. An additional recommendation is that when a school district sends a student to the ATC, they receive funding at the high school as if the student is at the high school. The state is paying twice for the same student. There should be some type of funding adjustment for these students. For example, reduce the funding for the weighted pupil unit, or have school districts pay the ATC.

Sen. Valentine asked if the audit found duplication of course offerings within the same region.

Mr. Behunin said that they are working hard to not have this happen especially in the smaller communities. The greater overlap is in the larger metropolitan areas where duplication might be necessary.

Rep. McIff noted the letter from the State Superintendent states that the audit may not take into consideration some trade-offs that exist within school districts and the ATCs. Rep. McIff reported that this would be a disincentive for school districts to send additional students to ATCs. Often a program might be too expensive to offer at the high school, and so it is more efficient to have it offered at an ATC. It could be stated that these entities say that they are splitting the cost rather than doubling the cost.

Sen. Adams asked if high school students attend the ATCs, they don't pay tuition. Wouldn't it be more advantageous for the ATC to have tuition-paying students rather than state-funded high school students? Mr. Coleman said that the right now the State pays more for a high school student at the ATC than an adult student. Sen. Adams asked for clarification on the comparison of costs at ATCs versus colleges.

Rep. Brown resumed the chair.

Mr. Behunin reported that the average percentage for academic type courses varies by institution, but it is quite a bit less than for traditional vocational courses. He discussed different educational models depending on the type of the course.

Rep. Daw thanked the auditors for an interesting report. Was there any comparison between the private sector and public sector? Mr. Behunin said that this data was not collected, it would be difficult to gain information from the private entities.

Rep. Beck asked if anything was examined about what a student learned, or how successful the job placements were of individuals who had been trained at the ATCs.

Rep. Anderson asked for clarification of recommendation #3. Would the legislature recapture that money that is being transferred over. The ATC's that have more adult students have quite a bit more money than those institutions who have higher numbers of high school students.

Agency Responses. Pres. Brems reported that the auditors have done a great job of evaluating the ATCs. The general rule is that instructors teach 30 hours per week, allowing ten hours for preparation, grading, etc. It is important to recognize that educational process at ATC's is different than at colleges. Pres. Brems reported that a basic tenet of the ATC for a long time is to develop partnerships with the school districts. There is a great deal of cooperation between the school districts and ATCs and that each area is unique. UCAT would report that they are spreading the cost between two entities not double funding.

Sen Valentine asked about the outsourcing situation with the Circle 4 Hog farm.

Pres. Brems said that they have been working with the Southwest ATC and are working on a changeover on this problem.

Mason Bishop discussed the fact that the audit does not take into account the difference between credit and non-credit programs. Mr. Bishop also stressed the differences in outcomes involved in

training at ATC's compared to colleges. The audit does not show the differences in job placement or earnings potential.

Commissioner Sederburg has submitted a letter in response to the audit. He stated that the audit was a very small sample size. The audit methodology did not take into account they are comparing two very different educational models. The audit also didn't take into account adjunct faculty.

Pres. Wyatt from Snow College and Pres. King from CEU have institutions that have merged USHE and UCAT; the actual cost of instruction went down because of the merge. In reality the merger with colleges made the cost of CTE education less expensive, but a cost analysis might not show this because of indirect costs like libraries, etc.

Sen. Adams said that the cost analysis is only one cost of the educational experience. He commented that having a variety of educational experiences is very important.

Rep. Wheatley concurred with Mr. Bishop that the comparisons are not fair. Mr. Wheatley asked about the difference between clock hours and credit hours. Mr. Behunin discussed the intensity of the classroom experience is varied between programs. There is a great deal of difference between classroom time and lab time in some of the programs.

Rep. McIff observed that the credit hour issue became very important for students in the Richfield area. Probably 85% of students paid additional money to take college-credit courses instead of non-credit courses.

Rep. Beck reported the positive aspects of credit courses in order for a student to have a broader background and also transfer to a bachelor's degree program.

Commissioner Sederburg mentioned that focusing on cost is misplaced. Technology intensive programs are going to be more expensive than more academic programs.

John Schaff, auditor general reported that they were asked by Legislative Leadership to conduct this audit. The sample size included almost every program that was offered in both ATCs and at colleges. He also reported that adjunct faculty were included in the study. The Auditor General does feel that the report is accurate.

Sen. Valentine appreciated the work of the Auditor General's staff. The report provides valuable information for Committee debate on these educational programs.

MOTION: Sen. Valentine moved to adjourn.

Committee Co-Chair Brown adjourned the meeting at 4:40 p.m.

Minutes were reported by Lorna Wells, Secretary.